COLLOCATION OF VA REGIONAL OFFICES ON VA MEDICAL CENTER GROUNDS

HEARING

BEFORE THE

SUBCOMMITTEE ON OVERSIGHT AND INVESTIGATIONS

OF THE

COMMITTEE ON VETERANS' AFFAIRS HOUSE OF REPRESENTATIVES

NINETY-NINTH CONGRESS

FIRST SESSION

MAY 22, 1985

Printed for the use of the Committee on Veterans' Affairs

Serial No. 99-19

U.S. GOVERNMENT PRINTING OFFICE

50-116 O WASHINGTON : 1985

H761-31

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COLLOCATION OF VA REGIONAL OFFICES ON VA MEDICAL CENTER GROUNDS

WEDNESDAY, MAY 22, 1985

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON OVERSIGHT AND INVESTIGATIONS,
COMMITTEE ON VETERANS' AFFAIRS,
Washington, DC.

The subcommittee met, pursuant to notice, at 8:45 a.m., in room 334, Cannon House Office Building, Hon. Kenneth J. Gray presiding.

Present: Representatives Gray, Montgomery, Penny, Rowland of Georgia, Hillis, Sundquist and Johnson.

OPENING STATEMENT OF HON. KENNETH J. GRAY

Mr. GRAY. Good morning. The Subcommittee on Oversight and Investigations will come to order. Chairman Montgomery has a commitment which precludes him from being here this morning. He has requested that I sit in for him. Hopefully, he will be able to join us in an hour or so.

We are meeting this morning to receive evidence on the issue of collocating VA regional offices on VA medical center grounds. This is an issue which the chairman and members of this committee have had an interest in for a long time. The Veterans' Administration, at least until recently, has apparently also been interested in the issue and has indicated to the committee that collocation is an economically sound concept.

While collocation is probably not feasible at all locations, there is little doubt that there are certain locations where the concept can save money, especially where the VA is making expensive lease payments or where escalating standard level user charges, better known as SLUC, are being imposed by the General Services Administration. Other possible benefits accruing from collocation might include savings stemming from common services such as mail rooms, finance and personnel, added security, and, more importantly, an overall improvement of our services to the veterans due to the close proximity of the medical center and the regional office.

The VA has been fairly responsive to the committee's request for information relating to their plans to proceed with relocation activities. In December of 1983, the VA advised the committee that some 25 regional offices had been identified for potential collocation. We were also informed at that time that a timetable was to be

developed for inclusion in the Department of Veterans' Benefits major construction budget for years 1986 through 1990.

Despite continued assurances during calendar year 1984, that the VA was continuing with its collocation plans, the committee noted an absence of funds for this purpose when the fiscal year 1986 budget was submitted earlier this year. Based on recent correspondence from the Administrator, it appears that collocation plans may have been sidetracked by OMB's direction to the VA to develop a plan for consolidation of DVB's field office functions. If this is true, the delay in collocation plans can only be viewed as poor judgment which will probably result in an unnecessary expenditure of funds. The consolidation proposal being advanced this year is similar to the one made by the administration for fiscal year 1982. The chances for success for a proposal of this nature should have been obvious.

In light of what has transpired since submission of the fiscal year 1986 budget, including the introduction of H.R. 2343 and H.R. 1568, which address the administration's consolidation proposal, the committee has decided to conduct this hearing in order to get a clear picture of how the VA now intends to proceed with its collocation efforts.

At this time it is a privilege to recognize my good friend, Mrs. Johnson of Connecticut, the ranking minority member present this morning on the subcommittee, for any opening remarks that she may care to make.

OPENING STATEMENT OF HON. NANCY LEE JOHNSON

Mrs. JOHNSON. Thank you very much, Mr. Chairman. It is a pleasure to join you this morning to focus on an issue that might result in considerable administrative savings at the Veterans' Administration, while at the same time improving the quality of service available to veteran beneficiaries throughout America.

The question of possible collocation of VA regional offices at VA medical centers has been on our agenda for a considerable period of time and I am very pleased that we are pursuing the matter this morning.

Mr. Chairman, our Subcommittee on Oversight and Investigation, in our oversight capacity, needs to determine a number of specific facts about this subject. We need to know if the VA is vigorously pursuing the matter in those areas where collocation appears feasible, what its experience has been, whether collocation is cost effective, whether it improves the quality of service to veterans, what impediments exist and what the problems are in overcoming them?

Mr. Chairman, on the surface, collocation at certain places—and I am pleased to see that my hospital in Connecticut, at Newington, is one of the places where collocation seems to be a viable alternative—appears to make a great deal of sense. I hope that this morning's witnesses will give us better insight into what the possibilities of collocation are and also some better understanding of why it has not been implemented some time ago.

Thank you.

Mr. GRAY. Thank you very much, Mrs. Johnson.

We are, indeed, delighted to have with us this morning our distinguished colleague from Georgia, Dr. Rowland. We are happy to see you. Do you have any remarks or comments?

Dr. ROWLAND OF GEORGIA. I have no remarks, Mr. Chairman.

Mr. GRAY. Thank you so much for being here.

We have a number of witnesses this morning. After hearing the testimony of the VA witnesses, we will hear from two panels, one comprised of regional office directors, and the other of representatives from veterans' organizations. The Chair would request that all witnesses be as brief as possible, summarizing any written testimony, which will be accepted as part of the official record of this hearing. And, without objection, the Chair will also allow additional written questions and responses as may be required.

Mr. GRAY. We are happy to announce that our first witness this morning, representing the Veterans' Administration, is Mr. John W. Hagan, Jr., Acting Chief Benefits Director. Mr. Hagan, before starting your testimony, would you please introduce those accompanying you for the record.

We are delighted to see you and appreciate your coming this morning. You may proceed in your own fashion.

STATEMENT OF JOHN W. HAGAN, JR., ACTING CHIEF BENEFITS DIRECTOR, VETERANS' ADMINISTRATION, ACCOMPANIED BY GERALD E. NEUMANN, DIRECTOR, PROGRAM CONTROL AND ANALYSIS STAFF, OFFICE OF CONSTRUCTION; JOHN LEE, DIRECTOR, FACILITY ENGINEERING, PLANNING AND CONSTRUCTION OFFICE; FREDERICK A. SCHATZ, DIRECTOR, ADMINISTRATIVE SERVICE, DEPARTMENT OF VETERANS' BENEFITS; AND JACK THOMPSON, DEPUTY ASSISTANT GENERAL COUNSEL

Mr. HAGAN. Good morning, Mr. Chairman, and members of the committee. On my far left I have Mr. Gerald Neumann, Director, Program Control and Analysis Staff, from my Office of Construction. Next to Mr. Neumann is Mr. John Lee, the Director, Facility Engineering, Planning and Construction Office. On my immediate right is Mr. Fred Schatz, Director of the Administrative Service of the Department of Veterans' Benefits. On the far right is Mr. Jack Thompson, deputy assistant general counsel.

Mr. GRAY. We are delighted to have all you gentlemen here this morning.

Mr. HAGAN. Thank you for welcoming us to this hearing this morning. It is always a pleasure to appear before you.

I would like to request that my written testimony be admitted to the record and I will just highlight it.

Mr. GRAY. Without objection, the entire statement will appear in the record, Mr. Hagan.

Mr. HAGAN. Thank you, sir.

In 1983, at the request of the Department of Veterans' Benefits, the Department of Medicine and Surgery did do a survey of all their medical centers to determine if there was suitable land for construction and/or buildings satisfactory for housing regional offices. As a result of that survey, they did come up with a list of sites that were possible for collocation. As Congresswoman Johnson

has pointed out, Connecticut was one of the States that was on the list.

We, like you, have a great concern about the amount of rent that we are paying to GSA for occupying either Federal office buildings or rental space.

Our annual cost for rent is now approaching the huge sum of $50 million. This is a 52-percent increase since 1980, even though we in the agency have been actively participating in the space reduction program.

It is stressed that the final determination as to whether to collocate must rest on several factors if collocation is to be cost effective. One of these is a comparison under OMB Circular A-104. This requires us to do a survey of the area to determine whether or not the move would be cost effective. Consideration is given to leasing, purchase and construction alternatives. In most instances, indications are that it would be cheaper for us to either build or renovate an existing building.

Mention has been made this morning of the progress that the Veterans' Administration has made in collocating. We did collocate the Milwaukee regional office onto the Wood VA Medical Center grounds. There a building that was available was renovated.

The next two offices that we considered for returning to medical center grounds were the regional office operation at Fargo and at the Wichita office. Mr. Chairman, I would like to point out that these offices are what we consider to be medical and regional office centers. We had moved these offices off the grounds because of medical health needs of the space that we were then occupying. These two offices are continuing to be reviewed and we hope that preparing an economic analysis as required by OMB Circular A-104 will be completed in the future.

We realize, as has been mentioned here before, that there was the administration proposal that during fiscal year 1986 the Department of Veterans' Benefits consolidate into three regional processing centers. Mr. Chairman, after a meeting of our Administrator with Mr. Stockman and Mr. Wright, a proposal was made that we not go forward with plans for consolidation but that we immediately contract to have a study made of the Department of Veterans' Benefits to determine what modernization we could accomplish within the Department and later on determine what would be the plans presented to Congress and to the administration as to how the Department should be reorganized for the future.

Mr. Chairman, that completes my remarks at this time, and I will be pleased to respond to any questions that you or members of the subcommittee have.

[The statement of John W. Hagen, Jr. appears at p. 27.]

Mr. GRAY. Thank you, Mr. Hagan, for your statement.

Mr. Hagan, by letter dated December 3, 1983, the VA advised the committee that at that particular time 23 regional offices had been identified for potential collocation. Since that time, four more have been added. According to your testimony, there's a total of 27. That letter also indicated that collocation was economically sound. Your statement today seems to indicate no change in that position, and we are happy to hear that as a committee.

My question is, why were no funds allocated in this year's budget for collocation purposes at any of the 27 locations? Both the committee and the administration seem to feel that this is a feasible proposal and would save money. Do you have any idea why the funds were not requested?

Mr. HAGAN. I will try to explain what we have been through.

We did come up with the letter informing Congress that we were looking at collocation. We made the proposal to the Office of Management and Budget. Their first concern was to work out an agreement with GSA as to whether or not it would be feasible for us to collocate without creating vacant space in some of the offices. I guess what I'm saying is if we could get out of a rental agreement, or if there was Government agencies willing to back fill space that we would be moving from.

We talked to GSA. They were in agreement that this might be a cost-effective way of reducing the cost to the Federal Government. They agreed that they would go along with a proposal as a general statement, that they approved of it, but that they reserved the right to review each individual move that we requested.

We went back to OMB and told them of this. OMB said now we could go out and do the A-104 studies. We first proposed to move, as I mentioned before, from Fargo and Wichita. We are in the process of making a review under A-104 at this time.

Mr. GRAY. And GSA then reserved the right to object—that is, if you were to move out and leave a building, they would be hung with the lease, is that it?

Mr. HAGAN. That is correct.

Mr. GRAY. Otherwise, they had no objection to the relocations?

Mr. HAGAN. They had no objections.

Mr. GRAY. That's good.

Do you have any idea why the administration only picked out 5 locations to do these studies, knowing that there are 27 that look feasible?

Mr. HAGAN. Mr. Chairman, I can't state that that's the fault of the administration. I think that is part of the procedure that we are going through in the Department. We only have so many resources available, and in some instances we are talking about expenditures of funds. So it is going to have to be spread out over a number of fiscal years. And when I say expenditures of funds, we're talking in the neighborhood of somewhere between $20 and $30 million for construction of a building.

Mr. GRAY. Are you saying to the committee that even to study this problem, that the 27 potential sites is a money problem?

Mr. HAGAN. No, no, I'm not saying that at all. I am saying that the Department is taking a year-by-year look at this. This year we are in the process of looking at Fargo and Wichita as our two primary early moves. Next fiscal year there will be more offices. We will continue this process, but we cannot do it all in 1 year because of the cost.

Mr. GRAY. Would you have any idea, Mr. Hagan, how long it is going to take to complete the five studies that are now underway?

What we would like to get is a little overview as to how these are being conducted, whether it is an indepth study of something that is being done in the field and the central office has to wait until

you get feedback from the various locations. We would like to have a little of the mechanics as to who is conducting these studies and how much input you're getting from the veterans organizations. Because as far as I'm concerned, as I said in my opening statement, more importantly than even the saving of money, as far as I'm concerned, is the convenience to the sick and disabled veteran.

I can give you one very quick example. We have our very distinguished regional director here. We live 320 miles south of Chicago, down in my district, and when a sick and disabled veteran has to go in for an examination, he has to travel more than 600 miles round trip. And yet 100 miles away is the St. Louis veterans hospital, John Cochran and Jefferson Barracks. For example, if the veteran goes in for adjudicate, they may say "well, you need another x ray" or you need this or that. I can see where we could save an awful lot of wear and tear on our sick and disabled veterans if we could collocate these facilities.

So I was wondering whether in any of this mix you had consulted or you intend to consult with veterans and local service officers. Could you spread on the record just a little bit as to who actually is doing these studies and what goes into the mix?

Mr. HAGAN. I will attempt to answer that.

The studies usually are conducted out of the central office here in Washington. We have brought this issue of collocation up before the monthly meetings of the service organizations, the meetings that are conducted by the Administrator. We have not talked to individual veterans or veterans groups within a particular State. We recognize that if we collocate, then we think we are improving service to the veterans because on collocation those offices and medical centers can then become what we consider a one-stop service. They get everything that they need right there at that center.

I am going to ask Mr. Schatz to address your question in relation to how we proceed with our development of a particular site location.

Mr. GRAY. We would be delighted to hear from you, Mr. Schatz.

Mr. SCHATZ. Mr. Chairman, we have conducted five A-104 studies. We have the preliminary findings today. They are being evaluated and a decision will be made at some later date. The studies are actually conducted by our Office of Construction, particularly the Space Management Service.

Mrs. JOHNSON. Will the chairman yield?

Mr. GRAY. Yes, I yield to the distinguished gentlelady.

Mrs. JOHNSON. What I have been listening for and don't understand from your comments is, in addition to the issue of cost effectiveness of rent versus location in a facility that is VA owned and operated and, therefore, the question is rent versus renovation costs, whether there is any aspect to the A-104 Circular that requires consideration of service factors: Accessibility, availability of transportation, the population to be served, and effect of relocation to a medical facility or availability of the services of the central office and populations served? In other words, is there an analysis that isn't just space and dollar related?

Mr. HAGAN. Mr. Newmann.

Mr. NEUMANN. Within the context of the A-104 itself, that is not a consideration. The A-104 presumes that you have selected the

area where you wish to collocate. The prior selection of the collocation area would be the place for that input. It is not in the A–104 methodology.

Mr. HAGAN. I would have to say that it is considered where we are talking about collocating. This is a decision made by the Department of Veterans' Benefits. We do discuss this with the field offices and solicit their advice on whether this is a good idea. In most instances so far, the directors that we have talked to have readily said that this would improve the services.

You possibly could hear this morning that one of the sites that we have considered will present some problems to some veterans and to the employees, because it would be sort of off the beaten path and would present a travel problem. All of these things are considered, as to whether or not this is a proper thing to do and whether or not in the end it is going to produce better service to our veterans and their beneficiaries.

Mr. GRAY. Do you have another question?

Mrs. JOHNSON. I do have a followup, but I can wait.

Mr. GRAY. No, no, go right ahead.

Mrs. JOHNSON. Just to follow up, the process that you describe is very much of a "from the top down" process, a central office process. I wonder if we wouldn't be able to move along with the evaluation of the possibilities of relocation if your office was, in a sense, more "bottom up." Surely the medical facilities and the regional offices in each area are capable of making a rough-cut evaluation of the pros and cons of collocation, both in terms of cost and in terms of service impact.

It seems to me that one of the barriers to relocation—and this is one of the questions we asked earlier—since it appears to be a promising idea, is, from what you have said, your "top down" process.

Mr. HAGAN. I don't really think so, but I will promise that I will take a real hard look to see if that is a problem in our review process.

Mrs. JOHNSON. In all of your decision making, do you ever send out to the regional facilities and ask for their evaluation of this idea as a place to start?

Mr. SCHATZ. Well, to give you a couple of indications, in the case of Milwaukee moving to Wood, this recommendation was made by the station director. Just recently I had a recommendation from the station director at Little Rock, AK, to consider moving on to the hospital grounds. We are looking at that possibility.

Mrs. JOHNSON. So where local people have taken the initiative, you were responsive; but you don't encourage that.

Mr. SCHATZ. We do certainly encourage it. However, since we have concentrated on the two locations, Wichita and Fargo, as the two initial ones to return to hospital grounds, most station directors have been very much involved in this process. We have looked at the Houston situation, the Little Rock situation, and we are continuing to look at others. The station directors are very much involved in this process.

Mrs. JOHNSON. It just strikes me that one of the things that is really slowing the process down is that this is the kind of decision which ultimately the local people will have to be very much in-

volved in, and it is a decision that could start very well at the grassroots with the local regional director and the local hospital administration doing the initial research, meeting with the service groups in the State and, in a sense, taking testimony in evaluating the idea and then feeding you information on which then the decision could move along more rapdily.

I am concerned that we will never get through these 27 sites at the pace of 2 or 3 a year because our time span is really 6 or 8 years. Over 27 sites, it's going to take 6 or 8 years and that's not encouraging.

Mr. SCHATZ. I think you're making a very good point and we will proceed to get the stations more involved into the basic process.

Mrs. JOHNSON. Thank you.

Mr. GRAY. The gentlelady makes a very important point. I just jotted down here that we have been 18 months getting to these 5 studies, and on that basis we would be 8 years getting through the 27. I don't think any of us want that, if we're all in agreement, that, this proposal does make sense and it appears we are.

Let me ask you this, Mr. Hagan. Do you have any idea how long it is going to take to complete the internal studies on these five particular sites?

Mr. SCHATZ. Basically, Mr. Chairman, the studies are completed. It's in the review process within the agency. When a final determination will be made as to whether to proceed at these five locations, I don't have a date for you. But——

Mr. GRAY. Could we get a promise that the administration would not wait until these five have been completed before starting some of the others? For example, we have Chicago, Los Angeles, big facilities where millions of veterans are involved. It looks like we could go ahead. After looking at this thing for 18 months, we both understand there are savings to be effected and better service to be given.

Could we get a promise this morning that the administration would proceed with other locations, even before the final report comes in on these five?

Mr. SCHATZ [continuing]. Certainly, from the standpoint of the Department of Veterans' Benefits, we plan on continuing to complete the A-104 studies on these other locations. We will be doing a number of them this year.

Mr. GRAY. A number of them this year. OK.

I am delighted to see our good friend from Minnesota who has come in, Mr. Penny.

Mr. PENNY. Just for my own information, because you may have covered it with the other committee members prior to my arrival, who has to review the A-104 study and give it an OK before the Veterans' Administration can move ahead with a collocation? Which agencies are involved besides the Veterans' Administration?

Mr. HAGAN. Within the agency, the Veterans' Administration, the Office of Construction is involved in this. GSA has a role to play, and then after all is completed and there is the decision by the Administrator that we should proceed with this, then this item for the cost of collocation would be inserted into a fiscal year budget. Then it would go to the Office of Management and Budget for their review.

Mr. PENNY. In the instance of the regional office and the medical center in Minneapolis-St. Paul, construction is now underway of a new medical center. And yet it is my understanding that a decision about utilizing space tnat is soon to be vacated on that medical center campus for regional office purposes has not been finalized.

Wouldn't it really be better that in the course of making our construction decision we, hand in hand with that decision, also make a decision about the possibility of either incorporating into the new space at the medical center regional office services, or designating the vacated space on that center for regional office purposes?

It seems to me we're coming in after the fact and saying, now that we've got some empty space here, what are we going to do. Shouldn't this be done coincidental with the plan for construction?

Mr. HAGAN. I could not agree with you more.

Mr. PENNY. What stands in the way of making that kind of a decision at the Veterans' Administration? What is the process down there that is roadblocking that decision?

Mr. HAGAN. I would say that when the decision was made to construct the new hospital at Minneapolis, it probably goes back 4 or 5 years ago. At that time we were not talking about collocation as we are today.

Where we are doing construction, for example, at the Houston Medical Center, there we are talking about a new medical center. DVB, the Department of Veterans' Benefits, has been included in the picture, to say do we build a new regional office or do we take over some of the existing buildings that will be vacated. So we are doing a part of this now, along with the Office of Construction and along with Mr. John Lee's role as part of the Department of Medicine and Surgery.

In the St. Paul area, we are now looking at that building as a possible building that we could renovate to be used as a regional office. There again we are going through the A–104 process, because we're in the Federal building and they will have to determine whether or not GSA would lose money or be able to backfill the space as we moved out.

Mr. PENNY. Is it fair to say that from now on, when new construction is in the planning stages, that the option of collocation is going to be an integral part of that construction decisionmaking process?

Mr. HAGAN. Where we have a regional office within the vicinity of a medical center during construction, yes, we will.

Mr. PENNY. That did not occur in the past, but from now on it is going to be a part of the decisionmaking process?

Mr. HAGAN. Right.

Mr. PENNY. Is it primarily budget considerations that have prompted the Veterans' Administration to begin making this part of your planning process for new construction?

Mr. HAGAN. No; we have always——

Mr. PENNY. Certainly that's an important consideration.

Mr. HAGAN [continuing]. It's a very important consideration. But we have always thought in terms of how we can improve our service to the veteran, and one of the ways has been a one-stop center concept, not necessarily existing between the Department of Medicine and Surgery and DVB, but one of the goals of the Veterans'

Administration is to give better service and that has always been the possibility that we consider.

Mr. PENNY. Every indication that we receive from veterans' groups is that they are encouraged by the development because they do think it will improve services to their membership.

Mr. HAGAN. Yes.

Mr. PENNY. Specifically, where are we with the A-104 for Minneapolis-St. Paul? How far along the way are we with that review?

Mr. SCHATZ. The study has basically been completed. It is in-house right now for review. It has not reached the decision as to whether we will go that way or not. But the study has been completed.

Mr. PENNY. So is it reasonable to expect that an in-house decision will be made within this calendar year so that that decision would be reflected in next year's VA budget submission?

Mr. HAGAN. I don't know if we can get it into the fiscal year 1987 process, because we are already into that process now. We also have the contract on modernization that will be presented to the Administrator somewhere around the first of July. At that time, depending on the decisions by the Administrator, then it is possible that we could crank it into the fiscal year 1987 budget. But at this sitting, I am not in a position to say yes, it is going to make the 1987 budget. But it will be one of the things that will be considered for fiscal year 1987.

Mr. PENNY. Thank you.

Thank you, Mr. Chairman.

Mr. GRAY. Thank you.

Mr. Hagan, for the record, I would like to give you excerpts from Chairman Montgomery's letter to the Administrator, dated June 7, 1984. Mr. Montgomery, representing the committee, requested a priority listing and a status report on the VA's plans for collocation at the 27 locations being considered.

In responding to that inquiry of the Chairman, Administrator Walters had this to say—and I'm quoting part of the letter. "After the meeting with GSA officials, and a review of DVB plans as part of the total construction planned for the agency, we will be able to have an established priority list early in December." He's referring, of course, to these collocation projects. "I will furnish it to you as soon as it is available." Now, that was December, and we are, of course, in May.

Do you have any idea where that list is and if it has been worked up, the priority list?

Mr. HAGAN. We have submitted in my testimony a list of the offices that we will have under consideration as sites for possible collocation.[1] Probably the reason why we did not do more is because in December we had the passback from the Office of Management and Budget that instructed the agency to consolidate DVB into three claims processing centers.

Mr. GRAY. So what you are saying is, subsequent to the letter from the Administrator to the chairman, you got stopped by OMB; is that it?

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[1] See p. 28.

Mr. HAGAN. We got stopped dead in our tracks by OMB.

Mr. GRAY. I certainly wouldn't try to embarrass any of you, but in our investigation we were able to come up with this list.[1] If you would look at it and see if that's what the brakes were put on.

Would someone please show that to Mr. Hagan?

We are merely trying to get the train back on the track, as it were, and that is the list that we obtained. I was wondering if that's the one that was sidetracked by OMB.

Mr. HAGAN. Yes, sir.

Mr. GRAY. Without objection, we will submit that for the record.

The gentleman from Tennessee.

Mr. SUNDQUIST. Mr. Chairman, I would like to follow up on something that Mr. Hagan just mentioned.

First let me clarify what I heard, Mr. Hagan, and that is you were stopped in December by OMB on the collocation plans; is that right?

Mr. HAGAN. We were instructed by OMB that the Department would consolidate into three claims processing centers in fiscal year 1986.

Mr. SUNDQUIST. What does that have to do with the collocation question?

Mr. HAGAN. If we consolidate, we will not have regional offices to consolidate in other States. We would only have three offices that primarily serve our veterans in the claims processing area. We have talked about having offices in the former regional offices that would have personal contact with veterans, but we would not have what we know of today as regional offices.

Mr. SUNDQUIST. Would it be based on what the House did last Monday? I'm sure you're familiar with that.

Mr. HAGAN. Yes, I am.

Mr. SUNDQUIST. Would it be out of order to ask you to resubmit what was requested and what Mr. Walters said would be submitted last December? How long would it take to have that resubmitted on a priority basis?

Mr. HAGAN. I have one event that has to occur before I could do anything. That is, I have to wait for the completion of the McManus study on modernization. As soon as that is completed——

Mr. SUNDQUIST. On what, Mr. Hagan?

Mr. HAGAN. The McManus study that is being conducted for the Department of Veterans' Benefits on delivery of service to veterans. Out of that study we hope to have recommendations as to modernizing our ADP system and, on the basis of those studies, the Administrator will make a decision on what the future organization of the Veterans' Administration will be.

Mr. SUNDQUIST. When will that be finished, Mr. Hagan?

Mr. HAGAN. We are hoping to have the study in by July 1.

Mr. SUNDQUIST. In the next to the last paragraph of your testimony on page 5, you reference the three regional processing centers and then you say in subsequent discussions with OMB you are

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[1] See p. 33.

going to develop a plan for modernization, which is what you're presently working on. And it will be finished by the first of July?

Mr. HAGAN. Right.

Mr. SUNDQUIST. Is the OMB proposal for regional offices still under discussion, and is the VA still pushing that?

Mr. HAGAN. The consolidation into three—no, sir, we are not pushing that. In the meeting the Administrator had with Mr. Stockman and Mr. Wright back in February, a decision was reached that we would not study consolidation any further, that we would go with the modernization plan.

When the agency sent the proposal up here for consolidation, we were moving forward. We were forming a task force. But we have brought all of that to a halt at this time and we are not looking at consolidation.

Mr. SUNDQUIST. So it went like this: The collocation question was stopped by OMB in December, and that ended in February, and now we're waiting for the study to be completed in July. At that point you will come back with a proposal and part of that proposal will be a prioritizing of collocations?

Mr. HAGAN. We hope that that's the result, Mr. Sundquist.

Mr. SUNDQUIST. Thank you, Mr. Chairman.

Mr. GRAY. That's very good. I thank my friend from Tennessee.

Mr. HAGAN. Thank you, Mr. Chairman.

Mr. GRAY. Next we have a panel which consists of three VA regional office directors. We are delighted to see them here. We have Mr. Sloan from the regional office in Columbia, SC; Dr. High, the regional office director from Los Angeles, CA; and my regional director, Mr. Horton, from Chicago. We deeply appreciate your appearance here at the request of the chairman this morning, and on his behalf and on behalf of the members of the committee, we want to thank you for traveling here and being with us. It is always a delight to see you.

You may feel free to express your views this morning for the record and for the committee. Would each of you please outline briefly your space and location problems, the advantages as you see them of collocation, and any disadvantage you may perceive at your station with collocation. I would also like to know the current rental and SLUC charges at your stations for the record.

STATEMENTS OF R. STEDMAN SLOAN, JR., DIRECTOR, VA REGIONAL OFFICE, COLUMBIA, SC; LOIS A. HIGH, DIRECTOR, VA REGIONAL OFFICE, LOS ANGELES, CA; AND GRADY W. HORTON, DIRECTOR, VA REGIONAL OFFICE, CHICAGO, IL

STATEMENT OF R. STEDMAN SLOAN, JR.

Mr. SLOAN. Thank you very much. I am pleased to appear before this committee and testify on the matter under review, that being the collocation of VA regional offices in VA medical centers.

As director of the VA regional office in Columbia, SC for more than 9 years, I believe I can speak with confidence on the reaction of the veteran population and their representatives to a collocation of the regional office and medical center in South Carolina and any anticipated impact collocation of these facilities might have on the quality of service rendered by the regional office.

I am not prepared to speak to the advantages and disadvantages of collocation of these type facilities in other geographic locations where unique circumstances may have a significant impact on whether such collocation is feasible and in the best interest of the veteran population with respect to quality of service.

The VA regional office in South Carolina is 29th in size among 59 regional offices. It is located in Columbia, which is in the geographic center of the State. The fiscal year 1985 personnel ceiling for the office was 192 FTEE. A veteran or dependent traveling by automobile from the furthest point in the State could reach the regional office in 3 hours. The veteran population in South Carolina served by the regional office totals 353,000 veterans and comprises 19 percent of the total State population.

Eighty percent of these veterans live outside the geographic center of the State. During fiscal year 1984 21,000 veterans visited the VA regional office in Columbia, and 178,000 contacted the regional office by telephone.

The proposed site for collocation in South Carolina is the William Jennings Bryan Dorn VA Medical Center, which is located in Columbia, SC, approximately 8 miles from the regional office within the city of Columbia. That hospital is located on a 96-acre tract of land which is jointly occupied by the University of South Carolina Medical School which occupies some of the buildings which were formerly the VA hospital's. Due to a new hospital being constructed there, the old buildings were turned over to the University of South Carolina, although there is a possibility of some excess buildings in that location.

South Carolina is rather unique because the VA regional office at one time was located on the hospital grounds, but in 1951 we were relocated to the center of the city. Since the city has been expanding, we have a considerable parking problem and many disabled veterans cannot reach the regional office without a great deal of stress. GSA at one time planned to build a parking facility there when the Strom Thurmond Federal Building was built several years ago, but GSA decided—and I think there was some pressure from the city—not to take up any more space in the downtown area, so a parking facility was not built. Veterans who are seriously disabled, and some of the aged veterans, just cannot get to the regional office because of the problem of parking considerable distances away. The number of complaints concerning the lack of available parking, both from the veterans and their representatives, has increased in recent years.

I believe that by moving out to the VA medical center, which is not a very far distance, and which is served by the metropolitan bus line, these veterans will be able to have greater access to the regional office and less discomfort.

Mr. GRAY. Thank you, Mr. Sloan, for your statement.

I will propound that question again. What are the current rental and SLUC charges at your particular station? Do you have those figures with you?

Mr. SLOAN. Yes, I do. We are currently occupying 53,800 square feet of space, and our yearly rental is $366,200.

Mr. GRAY. $300,000?

Mr. SLOAN. $366,200.

One of the problems that we have in the Columbia area, is we have an excess of Federal spaces, and obviously, if we move out of our building, this would just be additional excess space for GSA to absorb.

Mr. GRAY. Do you have any idea of when your lease might expire?

Mr. SLOAN. This is a GSA-owned building. We have no lease.

Mr. GRAY. Oh, GSA owns the building.

Mr. SLOAN. Yes.

Mr. GRAY. So you could move out any time as far as having any extra commitment to pay for a duplication of rental.

Mr. SLOAN. That's correct.

Mr. GRAY. How many miles are those two facilities apart?

Mr. SLOAN. Approximately 8 miles, but both are within the city limits. The regional office is downtown and the VA medical facility is on the outskirts of the town.

Mr. GRAY. Thank you.

If it is agreeable with the members, we will go ahead and hear from the rest of the panel, and then we will have questions of any or all three.

Dr. High, we're delighted to see you.

STATEMENT OF LOIS A. HIGH

Dr. HIGH. Thank you. It is a pleasure to be here.

Mr. GRAY. You may proceed in your own fashion.

Dr. HIGH. Thank you very much. I do appreciate the opportunity to discuss collocation with your committee.

In Los Angeles, the regional office is located on a tract of land that was originally owned by the Veterans' Administration. Some 10 years ago a Federal building was built on this land and is now run by GSA, so essentially, we are collocated with VA facilities in that, the West Los Angeles Medical Center is located in the same tract as is the Los Angeles National Cemetery. So as far as providing better service by moving across the street on to the hospital grounds, this is not particularly an issue.

The issue, as I see it, for Los Angeles is one of fiscal responsibility, in that since we are a large regional office, we pay $3.9 million annually to GSA in SLUC rates——

Mr. GRAY. I'm sorry. Would you repeat that, Doctor?

Dr. HIGH [continuing]. $3.9 million.

Mr. GRAY. $3.9 million annually.

Dr. HIGH. Yes, $3,917,960 annually.

A portion of this, of course, goes to a joint user fee, which if we were to have our own building, we would not require this kind of space. This is space that is joint tenant space for everyone in the building. Currently our building is 17 stories. The regional office occupies seven of these floors, with the regional data processing center on an additional floor. So the VA does have 8 of the 17 floors for the regional office.

There is ample space. As I understand, when Congressman Montgomery was out there several years ago, we did take a tour of the center grounds and there is ample space. In terms of services,

again, I repeat, the only advantage, I think, in Los Angeles at this point would be that of a monetary benefit.

Because of the size of our respective facilities, both the medical center and the regional office, I do foresee some problems were we to try to combine too many services. As I understand it, the West Los Angeles Medical Center currently has some 5,000 staff; we have 600.

Mr. Sloan was discussing some of their volume. For instance, in Los Angeles, our daily incoming workload, in mail alone we get 18,000 to 22,000 pieces of mail every day. Were we to combine this with a large medical center, just looking at the mail activity, I can see some problems in having an unwieldy operation.

So I think in looking at collocation and the merging of some services, you would need to give some thought to the size of the facilities that are being merged.

Thank you.

Mr. GRAY. Thank you.

From your perspective, Doctor, you do see a sizable savings with collocation?

Dr. HIGH. $3.9 million in my mind is a considerable savings, yes.

Mr. GRAY. Mr. Horton, we're delighted to see you, particularly in view of the fact that I'm in your region. It is always nice to see you and we appreciate your coming. You may proceed in your own fashion, and then we'll have questions from the members.

STATEMENT OF GRADY W. HORTON

Mr. HORTON. Thank you, Mr. Chairman. It's a pleasure. This is the first time I've had the opportunity to testify before a congressional committee and it's a pleasure to be here.

Mr. GRAY. We're delighted to have you.

Mr. HORTON. It is a pleasure to appear before you on my adopted State of Illinois, and from my original home State of Mississippi, before Mr. Montgomery.

Mr. GRAY. We won't hold that against you. [Laughter.]

Mr. HORTON. The regional office in Chicago is located in the Loop in Chicago, which has both major advantages and disadvantages. There is probably no better public transportation in the world than to the Loop in Chicago. On the other hand, if you drive a car, it couldn't be located in a worse area. As you noted, Mr. Gray, we are 300-some-odd miles from the downstate Illinois area.

My primary reason—and I am for collocation—is to get away from GSA. I would rather think that the worst hospital director landlord that I could get would be an improvement, and I don't care how bad they are. So that is the biggest reason for us to collocate.

Our office has 123,000 square feet. Our rent is $1,250,000.

Relating to the lady's earlier questions about things coming up in the field, I have discussed collocation with the hospital director at Hines, John Fears. There are buildings out there that could be modified for our use. I have some reservations about those buildings. They are the psychiatric buildings at this time. I'm not sure that that is the best type of building for us to go into, not because

of their present use but because of their construction. They would not be ideal.

On the other hand, the offices we are in now are not ideal. An ideal regional office, I think, would be constructed from scratch and would be designed as a regional office. There is room on the Hines reservation for such a facility.

I have a couple of caveats about us being on the hospital grounds. The first one is that I don't think offices of the size of Chicago, or any medium-sized regional office, should be under the hospital director's jurisdiction. I know that that's not what we're talking about here, but I think that is one of the things that there's going to be pressure to have in the future. If we're out there on the grounds, it seems to me that the DM&S directors are going to have a natural tendency to try to take over our operation.

Second, the savings that we would gain from some of these common services I have some reservations about; that is, I hope that when we address those kinds of questions that we don't merely look at them in terms of budget considerations and bodies. What I'm talking about here is that when OMB or GAO or anybody else looks at a personnel office sitting in a regional office and a personnel office in a hospital next door, they're going to ask the obvious question "Why don't you combine them?" I don't think that it makes sense to combine those two operations to save one or two people. I think the personnel officer in my regional office I want to report to me, and to be accountable to me.

The same sort of reservations would apply in such common service areas as administration and finance. I think when we get to the point of consolidating some of those types of functions, we have to look at other than just the savings of a body or two and look at what kind of service we're going to have for veterans.

The idea of collocation at Hines specifically in Chicago will cause problems. I can virtually guarantee you that there will be a reaction from my employees because of the lack of public transportation, or less adequate public transportation. There will probably be 200 people that will be better off because they can use their car and will get parking, and there will be 100 people that are worse off because of public transporation—and those are the folks we'll hear from.

In regard to service to veterans, I think it is probably a wash. Again, we will lose the people who use public transportation, but we will gain the people that are at the hospital. Overall, I think there are definite advantages to being at the hospital and we should probably face these problems when we get to them.

Thank you, sir.

Mr. GRAY. Thank you very much, Mr. Horton, for a fine statement.

I notice our very distinguished chairman has come in. Naturally, I would be delighted to yield to him. Chairman Montgomery.

Mr. MONTGOMERY. Thank you, Ken Gray. I want to thank you for chairing the subcommittee this morning. I was caught up in a number of things and was unable to be here. I knew you would be outstanding in chairing this subcommittee, because of your background on the Public Works Committee; you were chairman of the Subcommittee on Public Properties.

Mr. GRAY. I believe I have heard of GSA a few times.

Mr. MONTGOMERGY. And they've heard of you, sir.

I would like to also thank my colleague, Don Sundquist of Tennessee, for being here this morning. He is one of our most faithful Members. He certainly spends a lot of time working on veterans' issues.

As a little background, when I first came on this committee I became concerned about these properties at our veterans' hospitals around the country. We would see people getting these properties and then be told by personnel at the veterans' hospital that you have to go 5 miles downtown to the regional office. So I became concerned.

With the help of other members of this committee, we have tried to slow down the sale, or the giveaway, of any of these properties on the hospital grounds. The exorbitant rental prices that our regional offices are paying are almost unbelievable. In fact, in some instances, you could almost have a payout with 5 years of the rent costs if you could build these facilities on hospital grounds.

Incidentally, addressing witnesses this morning, I liked your looks when I came in here. I know now, Mr. Horton, that you said the magic words earlier.

We had no idea whatsoever of trying to put the regional office under the control of the hospital director. Other than what would make commonsense, you need to keep them separate.

Incidentally, we think we have nipped in the bud the idea of trying to abolish the regional offices and only have two or three consolidated offices across the country, one of them here in Washington. We've got too much in Washington now. So that's not going to happen.

But we hope we can move these regional offices to the grounds where we own the land. It just makes more sense and it will save the taxpayers a lot of money.

Mr. GRAY. Thank you, Mr. Chairman. I want to say for the record, having been in the Congress for 21 years, that I know of no chairman that has taken a greater interest in veterans' problems. I think the perception that you have displayed here in pursuing this avenue of saving the taxpayers money, while at the same time giving better service to the veterans, is a great tribute to you. It is my delight to chair these hearings for you this morning, Mr. Chairman.

Mr. Horton, for the record, would you please quickly tell us how many miles it is between your regional office and the facility where this collocation would be?

Mr. HORTON. It's approximately 9 miles on the Eisenhower Freeway, which is under construction, which makes it about 25 miles if you're driving.

Mr. GRAY. We hope that the issue of consolidating all of our regional offices into three giant offices is a dead horse, but since we're delighted to have such outstanding witnesses this morning, I would like to digress for just a moment, if I may, since I understand Dr. High has been an adjudication officer—is that correct?

Dr. HIGH. That's correct.

Mr. GRAY. I know Grady has.

Since you were adjudication officers at very large stations—and I know you remember all the problems, and I know of the millions of letters I received from adjudication officers in 21 years —would you mind telling us for the record how you would perceive a 700 percent increase in the adjudication officer's work if we did go into these three superstations? That is essentially what would happen, that the adjudication officer would have seven times as much work as you did when you were individual adjudication officers.

Would you spread that on the record for us?

Dr. HIGH. Surely. When I went to Los Angeles, there was something like 350 people in the adjudication division for whom I was responsible. In fairness, I didn't know it was not supposed to be that way, since I had never been an adjudication officer before, but I found it a very challenging, though hardly a manageable position. This was shortly after the San Diego regional office had been created, simply because the Los Angeles workload was too large.

As I am sure you're aware, 1 out of every 10 veterans lives in California, so therefore, we have a large proportion of the workload. For any element to operate efficiently and effectively with that kind of workload I think is impossible, and certainly to double, triple, or septuple, as you indicated, that kind of workload, it would require superhuman effort.

Mr. GRAY. I hope OMB is listening.

Mr. Horton, would you care to comment on that subject?

Mr. HORTON. As the late "Br'er Rabbit" said, "Don't throw me in that briar patch." I think he was the one who said it. But I happened to be the adjudication officer in the San Diego regional office that was opened as a result of the problems they were having in Los Angeles, and while there were a lot of management problems in Los Angeles that weren't directly related to size, a lot of them were. I think it's a fair proximation to say that Los Angeles became so large that it was unmanageable.

I think that an adjudication division with approximately 100–150 people is a pretty ideal size in order to get the best service to veterans and the best mixture of productivity and effectiveness. Beyond that, I think it becomes more and more unmanageable.

Dr. HIGH. If I could add to that, sir, even though we service a very large veteran population, because of the way the adjudication divisions are structured, there is a certain amount of involvement and follow through in individual cases, which would be impossible in a large operation, where it would become strictly a paperwork exercise.

Mr. GRAY. Thank you very much. I agree with your statement.

Mr. HORTON. I, by the way, worked in an adjudication division that had 13 employees in it, in Reno, NV. From the standpoint of service to the veteran, that is the best one I have ever been at. It is probably too small to give you the budget type considerations that you ought to have from a management standpoint. But the larger a regional office gets, the more remote it becomes and more it becomes a papermill.

Mr. GRAY. We thank you. We are delighted to hear such unanimous and wholehearted support for collocation from all of you ladies and gentlemen and your strong opposition to regional office

consolidation. I want to compliment you on your thoughtful and articulate statements that you have presented here today.

Mr. Sundquist, do you have any comments or questions?

Mr. SUNDQUIST. Thank you, Mr. Chairman.

Mr. Sloan, you said the facility you are at now is GSA-owned?

Mr. SLOAN. Yes.

Mr. SUNDQUIST. Mr. Horton, is it GSA-owned in Chicago?

Mr. HORTON. Yes, sir.

Mr. SUNDQUIST. Dr. High?

Dr. HIGH. Yes, we're in a Federal building.

Mr. SUNDQUIST. I sit on Public Buildings and Grounds and deal with GSA, as you have, Mr. Chairman.

What problems have you all had with GSA as the landlord?

Mr. SLOAN. Well, in my particular instance, the GSA, like most Federal agencies in the recent past, has lost personnel. But we still have the same needs as a tenant. So when we have a need and they don't have the resources to meet that need, sometimes necessary projects are delayed and costs are inflated that I have to bear.

A particular instance is security. Recently I had a serious threat that involved security, and it was only through a relative in the sheriff's department that I was able to gain some protection, because GSA was just not able to provide that type of security need for the office. I see collocation as a possible remedy to that situation.

Mr. SUNDQUIST. Mr. Horton or Dr. High, would you like to comment?

Mr. HORTON. Well, I could give you a litany of things. I have been in eight regional offices—and I think the problem with GSA is endemic, and I want to be sure that people understand that I am not making a personal comment about my building manager or anybody else. But they basically just do not provide service.

He mentioned security. I'm paying for the policemen that we station downstairs. The litany is endless in the types of service that we get from GSA. You can't get a curtain rod fixed; you can't get a light put in; the building is too hot or too cold. This just goes on forever.

My building manager says that if he had the $1.2 million that I send him, he could manage my building. He has many of the same kinds of problems that we do. He has a budget and he has a shortage of people. The million two that we give him goes into Washington and trickles back in some kind of a revenue sharing deal, and he doesn't get the million two back that he needs to run the organization. As a result—I could go on forever. It wouldn't serve any purpose. It's terrible.

Mr. SUNDQUIST. Dr. High, any comments?

Dr. HIGH. I'm afraid I can't quite echo that. I'm not sure why. Although our particular building manager and GSA that services our Federal building has had a shortage of personnel—and I know that our security costs have increased and these kinds of things—we are very pleased with the service that we have been getting. They are very responsive to us within their resources.

What we pay, of course, is exorbitant, but on the whole, GSA has been responsive to our needs.

Mr. SUNDQUIST. One other question for anybody who cares to answer it.

You mentioned security, and I was going to ask about security at Hines. Incidentally, my grandfather was at Hines and I used to go there and visit him. It's a marvelous location.

From a security standpoint, from a parking standpoint, and from a transportation standpoint, very briefly, could you evaluate where you're at now and where you would be?

Mr. SLOAN. In my particular instance, all those factors which you mentioned would be improved.

Earlier a question came up as to whether we had been in contact with the local service organizations, and in my particular instance I have discussed this project at great length with every service organization located in the State. Their unanimous opinion is that service to veterans would be improved. The disadvantages of being in the downtown area with no parking would be corrected. Other than the reservations that you heard earlier about losing control by single management, I have no other reservations as far as the collocation is concerned.

Mr. SUNDQUIST. Mr. Horton?

Mr. HORTON. The factor of transportation would be the only negative one in Chicago. I think it's a wash because I think some people's transportation would be improved. I would echo his sentiments.

I talked to the service organizations in my building and they're unanimously for it, too.

Mr. SUNDQUIST. Dr. High?

Dr. HIGH. Again, since we are adjacent to the medical center, the location would have no bearing on a collocation decision. Again, security would be improved and certainly I think it would be more cost effective. Again, I go back to the fact that the outlay we're paying of almost $4 million a year, and likely to increase, certainly would make a strong point for collocation.

Mr. SUNDQUIST. Thank you all.

Thank you, Mr. Chairman.

Mr. GRAY. I thank all of you very much for coming. We're delighted to see you.

Mr. GRAY. Our next panel is composed of some very distinguished representatives of the service organizations. We have Mr. Donald H. Schwab, director, National Legislative Service of the Veterans of Foreign Wars of the United States; Mr. Richard Schultz, associate national legislative director of the Disabled American Veterans; Mr. Paul S. Egan, deputy director, National Legislative Commission of the American Legion; and Mr. Frank R. DeGeorge, associate legislative director, Paralyzed Veterans of America.

Gentlemen, we want to thank you so much for coming. We apologize if we have to ask you to kind of summarize because we're looking at the clock there and we're expecting a rollcall vote at any time. But we certainly appreciate your appearance here this morning and we know you will be able to add a lot to this matter of collocation.

I suppose we could start with Mr. Schwab.

STATEMENTS OF DONALD H. SCHWAB, DIRECTOR, NATIONAL LEGISLATIVE SERVICE, VETERANS OF FOREIGN WARS OF THE UNITED STATES; RICHARD F. SCHULTZ, ASSOCIATE NATIONAL LEGISLATIVE DIRECTOR, DISABLED AMERICAN VETERANS; PAUL S. EGAN, DEPUTY DIRECTOR, NATIONAL LEGISLATIVE COMMISSION, THE AMERICAN LEGION, ACCOMPANIED BY ROBERT E. LYNGH, DIRECTOR, NATIONAL VETERANS AFFAIRS AND REHABILITATION COMMISSION; AND FRANK R. DeGEORGE, ASSOCIATE LEGISLATIVE DIRECTOR, PARALYZED VETERANS OF AMERICA

STATEMENT OF DONALD H. SCHWAB

Mr. SCHWAB. Thank you, Mr. Chairman. As you request, I will summarize my testimony.

Mr. GRAY. Without objection, the entire statements of all of you gentlemen will be placed in the record.

Mr. SCHWAB. Sir, it is a pleasure to be here. As has been brought out here in the hearing this morning already, the administration has twice now proposed consolidating the 59 VA regional offices into three benefit processing and support activities and the remaining 55 or 56 as mere contact points. We opposed this initially and we oppose it now.

It appears the administration is bent on consolidation, and because of that, I want to thank this subcommittee and the full committee for having included in H.R. 2343, which has now passed the House, a provision to require the Veterans' Administration to maintain a regional office in each State which is wholly capable of adjudicating claims and processing claims.

Mr. Chairman, your inquiry into the feasibility of collocating VA regional offices on the grounds of medical centers is to be commended and may prove to be a very meaningful cost-saving initiative, while at the same time maintaining the integrity of the VA regional offices. The primary concern, of course, of the VFW is your concern, in that there be a regional office in every State capable of adjudicating claims and that they are readily accessible to veteran claimants.

Notwithstanding the testimony of the Acting Chief Benefits Director, I am not at all comforted, Mr. Chairman, by the closing sentence of his statement, which reads:

> The President's budget for the VA for fiscal year 1986 proposed consolidating certain processing functions into 3 regional processing centers. In subsequent discussions with the Office of Management and Budget, it was agreed that the VA will develop a plan for modernizing Department of Veterans' Benefits field operations and consider various alternatives. Collocation of our regional offices and medical centers continues to be an option we are investigating.

I think they have dragged their feet in this area. I think they should be pressed.

I think that the director of the Chicago VA regional office, Mr. Horton, touched on a very important point, that when consolidation or collocation is effected, that the same person not be the medical center director and the regional office director.

That concludes my summation, Mr. Chairman.

[The statement of Donald H. Schwab appears at p. 34.]

Mr. GRAY. Thank you, Mr. Schwab. That was a very concise and very forthright statement. Certainly as one member of this committee I agree with you implicitly. I think that your organization has been of tremendous help in getting the VA to back off on this idea of consolidation.

I am sure you heard the three previous witnesses state, who are former adjudication officers, that consolidation would be an unworkable program. At least we hope that OMB is listening.

Mr. Schultz, we would be delighted to hear from you next.

STATEMENT OF RICHARD F. SCHULTZ

Mr. SCHULTZ. Thank you, Mr. Chairman. I, too, would like to summarize my statement at this time.

Mr. GRAY. The entire statement will be put in the record.

Mr. SCHULTZ. On behalf of the Disabled American Veterans, it is our privilege to testify here today concerning collocation of VA regional offices into medical centers or on medical center grounds.

There has been a lot of discussion here today concerning GSA, the problems surrounding GSA, the cost, and these all are very good points. As has been testified today also, the VA has persisted in their plan to consolidate VA regional offices into three supercenters. We have heard testimony today that the larger the regional office, the more unmanageable it is, and the less services are provided to veterans.

We feel that when looking at collocation we can also find some other good points, and that is an enhanced rapport between the medical center and the regional office. Medical centers serve a very necessary function for the regional office. Without medical centers, examinations are not conducted, outpatient reports are not received, and so forth. So we feel that when looking at collocation a very good point to make is that the enhanced rapport will cause veterans to receive better service, more expeditiously, and clients are processed in a better fashion. We find that among other things parking is better, veterans have one-stop shopping, so to speak, and we are generally favorably disposed to the concept of collocation on medical center grounds.

However, one point I would like to stress, each collocation must be thoroughly assessed to determine the timely and efficient services that are provided to our nation's veterans. While potential savings is an important factor, we must not use that as a sole criterion.

That concludes my statement, Mr. Chairman. Thank you.

[The statement of Richard F. Schultz appears at p. 37.]

Mr. GRAY. Thank you, Mr. Schultz. I agree with you implicitly. If you noticed I said, more importantly, veterans services more than even the effected savings.

Mr. Egan, you may proceed.

Mr. EGAN. Thank you, Mr. Chairman.

I have with me today the director of our national veterans affairs and rehabilitation commission. He will summarize the statement of the American Legion.

Mr. GRAY. We are delighted to have you. Please give us your name for the record, sir.

STATEMENT OF ROBERT E. LYNGH

Mr. LYNGH. Thank you, Mr. Chairman. My name is Robert E. Lyngh, L-y-n-g-h, and I am the director of the Veterans Affairs and Rehabilitation Commission of the American Legion.

Mr. GRAY. We are delighted to have you.

Those are the bells I was afraid of. Go right ahead.

Mr. LYNGH. Mr. Chairman, the American Legion is pleased to have this opportunity to present its views on the subject of collocation of regional offices and medical centers of the Veterans' Administration.

The American Legion views favorably the collocation of regional offices and VAMC's, and we recommend the practice be expanded, where possible, throughout the systems of the various DVB and DMS field stations. We believe it can be cost effective and that it very definitely facilitates the delivery of service to VA beneficiaries.

In looking into this matter in preparation for this hearing, we started with the knowledge that there are a number of instances presently where regional offices and medical centers share the same campus. We presumed these were instances of collocation. We discovered, however, that this is not precisely correct insofar as VA language and procedures are concerned.

We are informed there is currently only one instance of collocation, as the term is defined, in the VA system. This is at Milwaukee, WI, where the VAMC Wood and the Milwaukee regional office share the same campus, and each facility has its own management component.

In addition to Milwaukee, there are nine instances of sharing of campus, although these are not considered by VA to be collocations in that they are identified as VAMROC's and are managed by a single director. The nine locations are Cheyenne, WY; Fargo, ND; Fort Harrison, MT; San Juan, PR; Sioux Falls, SD; Togus, ME; Wichita, KS; White River Junction, VT; and Wilmington, DE;

It seemed to us the best way to acquire an understanding of current operations would be to talk to some of our American Legion service officers, and we did that. I would just like to interpolate a couple of remarks, Mr. Chairman, if I can, into my prepared statement.

Mr. GRAY. Yes, please proceed.

Mr. LYNGH. This is based on some of the information that has been given today.

We had a call from our service officer in Chicago, who suggested that one thing that ought to be considered both by this subcommittee and by the Veterans' Administration, if they thought in terms of, for example, moving the Chicago regional office to the Hines campus, and that is what we would call accessibility to the veteran clientele. Our service officer up there, John Cryan, pointed out to us that about 50 percent of the clientele of the Chicago regional office are people from the inner city. If you moved the regional office out to the campus, which he said is some 14 miles outside the city, you are, in fact, going to create a transportation problem for that particular category of Chicago regional office clientele.

With reference to a comment made by Dr. High on the possibility of enhancing security at the VA regional office in Los Angeles in collocating with the West Los Angeles Hospital, I would suggest to her that she might look into that security matter, because we have information that consistently security at the West Los Angeles Hospital is minimal. That hospital deals constantly, year in and year out, with such things as theft of Government property, up to and including things like electric typewriters, carried out openly from the hospital, destruction of Government property, up to and including tearing out of sinks in the lavatories, and forceable assaults on both the patient clientele and VA staff there.

Each of our service officers spoke unanimously and enthusiastically about the fact that the sharing of campus enhanced their ability to provide service to their clientele.

We believe it might be a good idea for the subcommittee to ask the Veterans' Administration, which I think you have now already done, to present a comprehensive report, including information as to how many VA facilities could be collocated and the potential savings in cost that would result.

Thank you, Mr. Chairman.

[The statement of Paul S. Egan and Robert E. Lyngh appears at p. 44.]

Mr. GRAY. Thank you. Those items that you described will be looked into thoroughly, I am sure, both by the administration and this committee.

Mr. DeGeorge, we are delighted to have you this morning. You may proceed in your own fashion.

STATEMENT OF FRANK R. DeGEORGE

Mr. DEGEORGE. Thank you, Mr. Chairman.

Very succinctly, the Paralyzed Veterans of America adamantly opposes the plan for consolidation and is strongly in favor of the plan for collocation.

That concludes my statement.

[The statement of Frank R. DeGeorge appears at p. 49.]

Mr. GRAY. Thank you. That's the kind of concise statement this committee likes. It couldn't have been better put.

We had a number of questions that we wanted to ask, but both of the Members that are here are on the Public Works Committee and we're meeting to mark up the water bill this morning, so we may submit some questions for the record.

I certainly would want to yield to my good friend and a very able and outstanding Member of this committee, Mr. Sundquist, to see if he has any additional questions he would like to ask.

Mr. SUNDQUIST. Thank you, Mr. Chairman. I appreciate the way you have been conducting this hearing this morning.

Mr. Lyngh, is it fair to turn one of your comments the other way and say, while it might be a disadvantage to 50 percent of the people who are in the inner city, it would be an advantage to the other 50 percent who are not in the inner city?

Mr. LYNGH. Well, possibly, Mr. Sundquist. Of course, some of the veterans organizations have representatives in the VAMC at Hines and they do provide direct service to the patient clientele there.

You're obviously going to get into a situation where it would facilitate the action in claims or whatever benefit delivery to some of the patients. Perhaps Mr. Horton was right when the said it would be a wash. But I do think it is a matter of serious concern with reference to the inner city residents because most of them don't have transportation available. They have to depend on public transportation which is sometimes a chancey thing the further you get out from the city.

Mr. SUNDQUIST. The question I wish I had asked the previous panel was—and I think they touched on it—are those who are disabled having some problems getting to some of the offices? Perhaps we could ask the Veterans' Administration to comment on that.

Mr. DeGeorge, maybe you have a comment on the fact, that some of the existing facilities could be corrected by collocation.

Mr. DEGEORGE. That definitely is a problem in Chicago, at the regional office, because of the location and the high density area of the city and the minimal parking provisions provided. That is one quick good example and there are probably undoubtedly other examples, especially where the regional offices are located in downtown areas.

Mr. SUNDQUIST. Thank you.

Thank you, Mr. Chairman.

Mr. GRAY. Thank you.

We are very delighted to have you gentlemen here this morning. I want to thank you for coming. As I said, this is a matter of great concern to the chairman and every Member of this committee, and we certainly want to do everything we can in helping the veterans and at the same time the taxpayers. So we thank you so much for coming.

The committee now stands adjourned.

[Whereupon, at 10:10 a.m., the subcommittee was adjourned.]

APPENDIX

STATEMENT OF JOHN W. HAGAN, JR.
ACTING CHIEF BENEFITS DIRECTOR
VETERANS ADMINISTRATION
BEFORE THE
SUBCOMMITTEE ON OVERSIGHT
AND INVESTIGATIONS
COMMITTEE ON VETERANS' AFFAIRS
HOUSE OF REPRESENTATIVES
MAY 22, 1985

Mr. Chairman and Members of the Subcommittee:

It is a pleasure to appear before you this morning to discuss our efforts toward colocation of VA regional offices on medical center grounds.

In 1983, at the request of the Department of Veterans Benefits, the Department of Medicine and Surgery surveyed all medical centers to determine if suitable land for construction and/or buildings satisfactory for housing DVB activities were available. As a result of this survey, medical centers with available buildings or space were matched with appropriate regional office activities. A number of factors influenced decisions made in developing plans for colocation. Of primary importance was the timeframe within which existing buildings could be made available for renovation or would become available as a result of new hospital construction. Also, we considered the conditions of the existing physical plant for the regional office activity, including health and safety factors, working conditions, need for realignment or

renovation to enhance operations, and any impending increase in rent being assessed by GSA (General Services Administration). The latter is of paramount concern as our rent bill is now approaching an annual cost of $50 million, a 52% increase since 1980 even though we have reduced space through an active space reduction program. Our concern is to minimize federal costs, whether for leased or federally-owned property, by creating cost savings for VA without creating an excess of GSA-owned or long-term leased property.

As a result of this process, we have identified 27 sites where colocation is possible. They are:

REGIONAL OFFICE	MEDICAL CENTER
Fargo	Fargo
Wichita	Wichita
New York	St. Albans, Brooklyn or Northport
Newark	East Orange
Reno	Reno
San Francisco	Palo Alto or Livermore
St. Paul	Minneapolis
Chicago	Hines
Des Moines	Des Moines or Knoxville
Los Angeles	Los Angeles
Winston-Salem	Salisbury
St. Petersburg	Bay Pines
Houston	Houston
Montgomery	Montgomery
Boston	Boston or Brockton

REGIONAL OFFICE (Cont'd.)	MEDICAL CENTER (Cont'd.)
Detroit	Detroit or Allen Park
Hartford	Newington
Cleveland	Brecksville
Boise	Boise
Columbia	Columbia
Indianapolis	Indianapolis
Lincoln	Lincoln
Manchester	Manchester
Roanoke	Salem
St. Louis	St. Louis
Milwaukee	Wood (Colocation completed 1983)
Little Rock	North Little Rock

It is stressed that the final determination as to whether to colocate must rest on those facts isolated by the completion of the cost comparison study required by OMB Circular A-104 and other budgetary considerations. To date, only five studies have been undertaken. These studies, which are now being reviewed internally, have included an analysis of the costs for leasing, purchase and construction alternatives. Preliminary indications are that in some cases, VA construction, either new construction or renovating an existing building, may be more economical than continuing to lease space from GSA.

Possible return of our Fargo and Wichita offices to VA Medical Center grounds was given immediate priority. Both are combined

activities; each is designated as a VA Medical and Regional Office Center and both DVB and DM&S elements report to a single director. Space is available at both locations for construction of a DVB building. GSA has been advised of our interest and they expressed no objection to either relocation. Regional office activities were originally located at these medical centers, but were later separated to alleviate space deficiencies brought about by expanding medical related functions. Separation was the only alternative at that time. With GSA's assistance in 1979, the Fargo DVB elements were moved into an old post office building on an "as is" condition. The regional office activities at Wichita were relocated into a leased building (a vacant Sears and Roebuck retail store) in 1978.

For both offices, we are preparing an economic analysis required by OMB Circular A-104.

A colocation agreement was signed by the Chief Benefits Director and the Chief Medical Director on November 5, 1980, to colocate the Houston Regional Office with the medical center. This agreement was based on the fact that buildings to house DVB activities would be available upon completion of the replacement hospital. GSA was notified of our intent to relocate the office to medical center grounds and they voiced no objections as the space being occupied is not Federally owned. An A-104 economic analysis, which would include evaluating costs of continuing to lease private space, is now being internally reviewed.

An A-104 study for the proposed colocation of the St. Paul Regional Office and Insurance Center with the VA Medical Center Minneapolis is underway and would include the option of renovating an existing building.

We have been successful in colocating our Milwaukee Regional Office with the VA Medical Center, Wood, Wisconsin. This colocation, completed in late 1983, was made possible through the restoration of an existing building on the medical center grounds. This colocation was a very positive step and produced an improved situation for the veteran and this Agency. Based on this success, we have met with GSA and discussed the possibility of further colocations. GSA has no problem with colocation of functions where such action is cost effective and in the decision-making process consideration is given to the impact such actions will have on GSA-held work space.

Colocations should promote the efficiency of VA operations in the areas of management and employee utilization, supply functions, protection and security, transportation and communications, and workforce morale, and by achieving savings in personnel for shared functions. The Agency's clientele will benefit from the availability of one-stop service.

The President's budget for the VA for Fiscal Year 1986 proposed consolidating certain processing functions into three regional processing centers. In subsequent discussions with the Office

of Management and Budget, it was agreed that the VA will develop a plan for modernizing Department of Veterans Benefits field operations and consider various alternatives. Colocation of our regional offices and medical centers continues to be an option we are investigating. Identification of potential sites for colocation will continue for planning purposes.

Mr. Chairman, this concludes my statement. I will be pleased to respond to any questions that you or Members of the Subcommittee may have.

DEPARTMENT OF VETERANS BENEFITS

5-YEAR PLAN MAJOR CONSTRUCTION PROJECTS

Major Construction (000's) - Relocation of VA Regional Offices to VA Hospital Grounds

1986		1987		1988		1989		1990	
Fargo	$ 4,646	New York/St. Albans -		Des Moines/Knoxville	$ 4,300	Boston/Brockton	$10,300	Columbia/Columbia	$ 8,500
Wichita	5,433	Northport	$18,400	Los Angeles/Los Angeles	25,700	Detroit/Detroit	22,400	Indianapolis/Indianapolis	9,700
		Newark/East Orange	11,800	Winston-Salem/Salisbury	9,500	Hartford/Newington	5,100	Lincoln/Lincoln	4,900
		Montgomery/Montgomery	7,200	St. Petersburg/Bay Pines	14,200	Cleveland/Brecksville	20,700	Manchester/Manchester	3,200
		Reno/Reno	6,700	Chicago/North Chicago	23,400	Houston/Houston	12,000	Roanoke/Salem	9,400
		San Francisco/Livermore	22,300			(Renovate existing bldg.)		St. Louis/St. Louis	11,700
		St. Paul/Minneapolis	20,100					Milwaukee/Wood	7,900
		(Renovate existing bldg.)						(Renovate existing bldg.)	
APF	771	APF	705	APF	553	APF	500	APF	500
DED*									
TOTALS	$10,850		$87,205		$77,653		$71,000		$55,600

NOTE: APF (Advance Planning Fund) equals 1 percent of construction costs for projects planned 2 years away. APF requested in FY 1986 represents 1 percent of construction costs in 1988.

*Design costs (working drawings) are included in the individual project costs above. Should the Design Fund process be used, a maximum of 6% of the project cost will be requested the year prior to the request for construction funds. Design funding (working drawings) is required one year before construction funds are requested. Construction contracts are awarded the same year in which construction funds are requested. If the Design Fund process is not used, working drawings will begin the year constructions funds are requested and the construction contract will be awarded the following year.

ATTACHMENT 1

VETERANS OF FOREIGN WARS OF THE UNITED STATES

OFFICE OF THE DIRECTOR

STATEMENT OF

DONALD H. SCHWAB, DIRECTOR
NATIONAL LEGISLATIVE SERVICE
VETERANS OF FOREIGN WARS OF THE UNITED STATES

BEFORE THE

SUBCOMMITTEE ON OVERSIGHT AND INVESTIGATIONS
COMMITTEE ON VETERANS' AFFAIRS
UNITED STATES HOUSE OF REPRESENTATIVES

WITH RESPECT TO

COLLOCATION OF VETERANS ADMINISTRATION REGIONAL OFFICES ON VETERANS ADMINISTRATION MEDICAL CENTER GROUNDS

WASHINGTON, D. C. MAY 22, 1985

MR. CHAIRMAN AND MEMBERS OF THE SUBCOMMITTEE:

Thank you for the privilege of appearing before this distinguished Subcommittee to present the views of the Veterans of Foreign Wars of the United States.

My name is Donald H. Schwab and it is my privilege to serve the more than two million men and women of the Veterans of Foreign Wars as their National Legislative Director.

Mr. Chairman, as is a matter of record, this Administration has twice recommended consolidating into three "benefit processing and support activities" the adjudication of the claims of veterans, their dependents and survivors; and, also, the maintenance of claims files. All remaining Veterans Administration Regional Offices (VAROs) would then be reduced to mere satellite or contact points. As a result, our VFW Service Officers and other representatives would be greatly disadvantaged in pursuing a claimant's case since the claim file to permit the proper and necessary research would be available only in the three States housing

"benefit processing and support activities." Likewise, the claimant's access to a full and fair hearing would be greatly restricted since many who would be able to appear before a Board in his or her own State might well be unable to travel perhaps half the distance of our country to make a personal appearance. Such hearings as might be held locally would, in all probability, be before proxies. All of this would represent a most serious infringement on the veterans' right to due process, which is already violated by the denial to veterans the right enjoyed by all other citizens--the right of judicial review. The proposed consolidation would, without question, greatly impede the adjudication of claims and the initial payment of benefits to which the claimant is entitled.

Apparently, the Administrator of Veterans Affairs believes he has adequate authority under the provisions of 38 USC 210(b)(2) and stands ready to proceed with such a consolidation which would reduce personnel (FTEE) within the Department of Veterans' Benefits by more than 2,300 through the fiscal year 1988.

Mr. Chairman, the VFW opposed this proposed consolidation when it first surfaced in the President's fiscal year 1982 budget amendments and we oppose it now in the strongest possible terms. Permit me to register the appreciation of the VFW for the full Committee having included in H.R. 2343, the "Veterans' Compensation Benefits Amendments of 1985", ordered reported May 7th and reported May 15th, the substance of H.R. 1568, supported in testimony by the VFW, to require that the Veterans Administration maintain a Regional Office in each State which is fully capable of adjudicating and processing claims.

Mr. Chairman, in view of this Administration's continued persistence in pursuing the consolidation of VAROs, your inquiry into the feasibility of the collocation of these offices on the grounds of Veterans Administration Medical Centers (VAMC) is to be commended and may prove to be a very meaningful cost-savings initiative while at the same time preserving the integrity of all

existing 59 VAROs.

According to information to which we have been made privy, space requirements for VAROs varies from a few hundred square feet in some locations to several hundred thousand feet in others. There also exists a similar disparity in costs per square foot for rental space which ranges from $3.25 to a current high of $24.25. Furthermore, the General Services Administration (GSA) estimates its total Standard Level User Charge (SLUC) for the Department of Veterans' Benefits in the fiscal year 1985 will be $50,533,477. In addition, Mr. Chairman, there is a random listing of some 24 VAROs which could be seriously considered for collocation. The VARO at Milwaukee, Wisconsin, was relocated to the VAMC at Wood, Wisconsin, on November 21, 1983.

The obvious concern of the VFW, Mr. Chairman, is that there continues to be at least one regional office in each State fully capable of adjudicating claims and readily accessible to claimants. While it is apparent that not all VAMCs embrace sufficient open land to accommodate the construction of a VARO and others may be too far removed from public transportation to lend themselves to collocation, the concept is highly meritorious and surely worthy of immediate, further exploration. As additional specific VAROs become imminent candidates for collocation consideration, we would appreciate the opportunity to comment thereon before the fact.

This concludes my testimony, Mr. Chairman, and I will be happy to respond to any questions you may have.

STATEMENT OF
RICHARD F. SCHULTZ
ASSOCIATE NATIONAL LEGISLATIVE DIRECTOR
BEFORE THE
SUBCOMMITTEE ON OVERSIGHT AND INVESTIGATIONS
OF THE
HOUSE COMMITTEE ON VETERANS AFFAIRS
U.S. HOUSE OF REPRESENTATIVES
May 22, 1985

MR. CHAIRMAN AND MEMBERS OF THE SUBCOMMITTEE:

On behalf of the more than one million members of the Disabled American Veterans, I wish to express my appreciation for the invitation to appear here today to discuss the issue of collocation of VA regional offices on VA medical center grounds.

Mr. Chairman, we are pleased to present our views on collocation at this time, especially since the Administration, in the Fiscal Year 1986 VA budget request, has again raised the issue of consolidating the 58 regional offices into three "super center" locations.

As you will recall, consolidation of VA regional offices into one "super center" was soundly rejected by this Committee and the Congress in 1981, as evidenced by the passage of Public Law 97-66, which allows Congressional oversight of any plan which proposes to reorganize the Veterans Administration--particularly those proposals aimed at centralizing VA claims processing.

Mr. Chairman, as stated by DAV National Commander Chad Colley in testimony before the full Committee on February 21, 1985, the DAV is adamantly opposed to the consolidation of VA regional offices.

In its most recent plan, the Administration proposes to consolidate all adjudication functions for compensation, pension and education claims (including Rating Boards), as well as loan processing, finance, administrative and personnel functions into three regional centers. This proposal would leave veterans' assistance, compliance survey, vocational rehabilitation and counseling, loan servicing, property management, and construction and valuation activities at each existing regional office--thereby relegating these facilities to nothing less than contact offices that provide general information, counseling and the forwarding of claim inquiries to the three regional centers.

Quite frankly, Mr. Chairman, we view this proposal as bureaucracy at its absolute worst.

Since 1980, nearly 4,000 employees have been slashed from the Department of Veterans Benefits and, today, each regional office is staffed at minimum levels that are hard-pressed to handle the workload and demand for services from veterans and their dependents.

Consolidation of these already understaffed functions would only worsen the delays veterans currently experience with respect

to claims processing. In addition, it would deprive veterans of direct access to the system. For example, no longer would veterans and their dependents have the opportunity for a timely, face-to-face hearing (within a reasonable proximity of their home) with a VA Rating Board and their appointed representative.

And, quite frankly, the proposal makes absolutely no economic sense whatsoever. Millions of dollars would be required to relocate employees, obtain office equipment, acquire huge amounts of office space and train new employees (to replace those who did not relocate).

Mr. Chairman, the DAV deeply appreciates the fact that the full Committee has once again soundly rejected this poorly conceived plan and recommended that the $25.1 million the Administration requested to implement consolidation of VA regional offices be spent elsewhere in the system.

We are also pleased that H.R. 1568, introduced by Mr. Leath--requiring at least one VA regional office in each state--has been incorporated into the provisions of H.R. 2343 and favorably reported to the floor of the full House of Representatives.

Mr. Chairman, as always, the DAV welcomes the opportunity to work with you and the staff of the House Veterans Affairs

Committee in identifying areas in which federal dollars may be saved through the elimination of waste and the promotion of efficient management of resources within the VA.

However, when considering any plan to collocate VA regional offices on VA medical center grounds, we must recognize the basic function of a VA regional office, which is to provide direct services to veterans who make claims for a wide range of VA benefits and services. As a consequence, regional offices are and always have been geographically positioned to provide convenient and timely service to veterans.

Presently, as we understand it, VA offices (not located on property owned by the Veterans Administration) must pay rent to the General Services Administration (GSA) in an amount based on the going rate of rent in a given geographic area.

Obviously inherent in the concept of collocating VA regional offices with VA medical centers, in addition to GSA rental fees, are the potential savings which include the sharing of some administrative functions, such as, personnel, building management, supply activities, etc.

However, Mr. Chairman, as indicated above, we must not only look at the potential dollar savings associated with collocation,

but also determine if collocation would enable the VA to respond to the needs of veterans in an efficient and timely manner.

In order to understand the relationship between regional offices and medical centers (as it pertains to the adjudication of VA compensation/pension claims), one must examine the claims process.

For example, recent medical information is needed by Rating Boards in most original and reopened compensation/pension claims. In these instances, regional offices must mail a request to the medical center in order to obtain specific examination reports and, in reopened claims of veterans receiving treatment at VA medical centers, regional offices must obtain hospital summaries, convalescent statements, and outpatient treatment, physical therapy and prosthetic records.

Requests for medical information are usually mailed across the city or, in some cases, hundreds of miles to VA medical centers for appropriate action and response. In many regional offices (not collocated with medical centers) it may take several months to obtain examination or outpatient reports.

In some instances, it is necessary for service organization representatives to travel from the regional office to the medical center to locate appropriate records and examination reports and assure that this information is transferred to the Rating Board at the regional office.

Mr. Chairman, we are fortunate to have examples of regional offices which are currently collocated on medical center grounds. In order to assess the desirability of collocation--in terms of providing service equal to or better than that currently being provided at VA regional offices not collocated--I contacted DAV National Service Officers (NSOs) working at regional offices presently collocated on VA medical center grounds.

The general consensus of these NSOs is that veterans receive service at more efficient or, at least, equally efficient levels when regional offices are collocated with medical centers.

Those NSOs housed in the same or connected buildings at collocated sites stated that the processing time for adjudication of claims has been greatly reduced due to an enhanced rapport and exchange of medical information between regional office and medical center personnel.

DAV NSOs in regional offices collocated on medical center grounds (some of which are one half mile from the medical center) informed me that parking is generally more accessible and veterans who are either hospitalized or receiving outpatient treatment at the medical center now have "one stop shopping," whereas before veterans would have to travel greater distances between the regional office and medical center to contact a veterans' benefits counselor or service organization representative (who have access to their VA claims folders).

Therefore, Mr. Chairman, based on the observations of our National Service Officers stationed at existing collocated VA facilities, I must say that the DAV is generally favorably disposed to collocation.

However, I must stress that each proposed collocation must be thoroughly assessed to determine feasibility in terms of timely and efficient service to our nation's veterans, their dependents and survivors. Potential savings, while an important factor, must not be the sole criterion.

This concludes my statement, Mr. Chairman. I again wish to thank you and the members of the Subcommittee for allowing us this opportunity to express the DAV's views on this important subject.

Statement of

The American Legion

1608 K STREET, N. W.
WASHINGTON, D. C. 20006

by

PAUL S. EGAN, DEPUTY DIRECTOR
NATIONAL LEGISLATIVE COMMISSION
THE AMERICAN LEGION

and

ROBERT E. LYNGH, DIRECTOR
NATIONAL VETERANS AFFAIRS AND REHABILITATION COMMISSION
THE AMERICAN LEGION

before the

SUBCOMMITTEE ON OVERSIGHT AND INVESTIGATIONS
COMMITTEE ON VETERANS AFFAIRS
UNITED STATES HOUSE OF REPRESENTATIVES

on

COLLOCATION OF VA REGIONAL OFFICES

May 22, 1985

STATEMENT OF ROBERT E. LYNGH, DIRECTOR
NATIONAL VETERANS AFFAIRS AND REHABILITATION COMMISSION
THE AMERICAN LEGION
BEFORE THE SUBCOMMITTEE ON OVERSIGHT AND INVESTIGATIONS
COMMITTEE ON VETERANS AFFAIRS
HOUSE OF REPRESENTATIVES
MAY 22, 1985

Mr. Chairman and Members of the Subcommittee:

The American Legion is pleased to have this opportunity to present its views on the subject of co-location of Regional Offices and Medical Centers of the Veterans Administration.

The American Legion views favorably the co-location of ROs and VAMCs, and we recommend the practice be expanded, where possible, throughout the systems of the various DVB and DMS field stations. We believe it can be cost-effective, and that it very definitely facilitates the delivery of service to VA beneficiaries.

In looking into this matter in preparation for this hearing, we started with the knowledge that there are a number of instances presently, where Regional Offices and Medical Centers share the same campus. We presumed these were instances of co-location. We discovered, however, that this is not precisely correct insofar as VA language and procedures are concerned.

We are informed there is currently only one instance of co-location in the VA system. This is at Milwaukee, Wisconsin, where the VAMC Wood, and the Milwaukee Regional Office share the same campus, and each facility has its own management component.

In addition to Milwaukee, there are nine instances of sharing of campus, although these are not considered by VA to be co-locations,

in that they are identified as VAMROCS, and are managed by a single Director. The nine locations are Cheyenne, Wyoming; Fargo, North Dakota; Fort Harrison, Montana; San Juan, Puerto Rico; Sioux Falls, South Dakota; Togus, Maine; Wichita, Kansas; White River Junction, Vermont; and, Wilmington, Delaware.

It seemed to us the best way to acquire an understanding of current operations would be to talk to some of our American Legion Service Officers. Therefore, we have talked to the following Department Service Officers: Fred Heinle at Milwaukee, Jim Nall at Cheyenne, Chuck MacLaughlin at Fargo, Jim Deremo at Sioux Falls, Ken Harms at Wichita, and Carole Carrick at Wilmington.

The information we obtained is essentially uniform and consistent. We learned that in all instances, although there is sharing of campus, each RO and VAMC is separately budgeted, one in the Department of Veterans Benefits Budget, and the other in the Department of Medicine and Surgery Budget. And, of course, the DVB and DM&S Budgets are based on differing criteria. We did not learn, however, that the budgeting methods now used resulted in any special problems - other than the ongoing problem of securing sufficient funding to carry out the mission of the particular field station, whether in DVB or DM&S.

Each of our Service Officers spoke unanimously and enthusiastically about the fact that the sharing of campus enhanced their ability to provide service to their clientele. This is what we would refer to as the proximity factor. By the proximity factor

we mean two things specifically. One is the opportunity to assist the veteran to complete all business with VA and with the service organization representative during one visit. For example, the veteran may have an appointment in the clinic, and can proceed from that to the office of his service representative and complete his business there. Or where there may be a mobility factor for the veteran, the Service Officer can contact the veteran in the clinic area, thus saving him time and trouble.

The other element of the proximity factor is the ability of the Service Officer to associate needed medical records of the veteran with the claims folder, to expedite the development and presentation of claims for benefits. Also involved here is the ability to consult with examining and treating physicians in developing the veteran's claim, or in insuring the provision of needed medical care, maintenance of appointment schedules, etc. All of this is most helpful to the veteran, and coincidentally, it is helpful to the Service Officer in his need to provide prompt service and to conserve use of available work time. All of our Service Officers stated they like this type of arrangement very much.

As to cost-effectiveness, it seems obvious to us that the sharing of space that is owned by VA must be more economical in cost to the Government. It just makes sense that it has to be. The avoidance of rental and consolidation of utility costs is certainly advantageous. Also, we are constrained to say that where VA has to rent space from the General Services Administration, the experience

is not only a cost factor, but in almost every instance it results in problems in maintaining suitable space that is responsive to the needs of the agency's mission. What we are saying, quite frankly, is that in our opinion, GSA must be the worst landlord in the United States. We do not know of one instance of a satellite or free-standing clinic operated by VA where space is provided by GSA that there are not landlord problems. In some cases the situation is not only bad but deplorable, and in all instances the chronic complaint about GSA is that it is totally unresponsive to complaints or requests for routine service in maintaining the rented quarters.

All of this being so, it seems to us the VA and its clientele can only gain through the establishment of as many co-located facilities as available acreage will accommodate. The American Legion working Service Officers with whom we spoke, including Mr. Fred Heinle at Milwaukee - the only actual co-located facilities now in the VA, pretty much made this their stated position. All of our Service Officers spoke positively of practically all aspects of co-location, including supportive and responsive management policies.

It seems to us it might be a good idea for the Subcommittee to ask VA to present a comprehensive report including information as to how many VA facilities could be co-located, and the potential savings in cost that would result.

Mr. Chairman and Members, we thank the Subcommittee for receiving our views on this subject.

PARALYZED VETERANS
OF AMERICA
Chartered by the Congress
of the United States

STATEMENT OF

FRANK R. DEGEORGE, ASSOCIATE LEGISLATIVE DIRECTOR

PARALYZED VETERANS OF AMERICA

BEFORE THE

SUBCOMMITTEE ON OVERSIGHT AND INVESTIGATION

OF THE

HOUSE COMMITTEE ON VETERANS' AFFAIRS

REGARDING

COLLOCATION OF VA REGIONAL OFFICES

ON

VA MEDICAL CENTER GROUNDS

MAY 22, 1985

Mr. Chairman and Members of the Subcommittee, I am Frank R. DeGeorge, Associate Legislative Director of Paralyzed Veterans of America. On behalf of the members of PVA, it a privilege to appear here today and to present our concerns related to your stated interests.

Mr. Chairman, the President's budget proposed the consolidation of the Veterans Administration Department of Veterans' Benefits' programs of Finance, Home Loan Guaranty, and Adjudication. As expressed earlier, PVA

strongly opposes this concept, which we believe will seriously undermine the VA's ability to provide service to the veteran.

PVA highly recommends, as an alternative, the Committee's consideration and evaluation of a proposal to collocate certain Veterans Administration Regional Offices with Veterans Administration Medical Centers. This approach to collocate would prove to be much more cost effective than consolidation, while providing the VA the enhanced ability to provide a higher level of service in a more efficient and timely manner to the veteran at a location where his records are maintained.

Realistically, exercising an effort to collocate VA facilities would also reduce duplication of costs of providing General Services Administration rental and/or leasing, security and maintenance services, motor pools, and most, if not all, overhead expenditures involved in the operation of two facilities versus one.

PVA, after surveying our National Service Offices located throughout the VA system, determined the feasibility of at least 25 VA Regional Offices being collocated within VAMC facilities, or at a VAMC where land is available. Each site surveyed has a Regional Office and VAMC located within 20 miles of the other, and where public transportation is readily available without inconvenience to staff and also for veterans needing services at the collocation sites. Providing the veteran both medical and administrative assistance at one location is beneficial and advantageous to the government, the VA, and the veteran.

PVA believes that the concept of collocation would improve the coordination of VA services to veterans. It would also be less time consuming to retrieve the veteran's medical records and C-file, as compared to the lengthy time which will be needed to retrieve these same records from the proposed three consolidation sites. Collocation would assist the VA in maintaining the face-to-face service to our veteran, which is of eminent importance. Additionally, the availability of the veteran's records to conduct formal hearings resolves another major concern, and a consideration that serves both the VA and the veteran in expediting individual cases and caseloads.

Mr. Chairman, we recognize that the VA has lease commitments for the space currently utilized by Regional Offices. These leases vary in terms of the duration and cancellation provisions for these offices, and would preclude wholesale collocation at any particular time. These provisions do however, afford the VA the opportunity to make long term plans for implementing collocation on a station by station basis.

PVA recommends that the VA assess the various leases for Regional Offices and the availability of land or facilities at VAMCs. This comparison of potential cost savings by combining the VAROs with VAMCs over a long-term period is feasible and warrants consideration. The examination should include the long-term ramifications of lease/rental costs, but should not overlook in the review process those facilities where VAROs are presently located in federal buildings where there may not be any lease/rental costs involved.

To repeat, the duplicative administrative costs for security, maintenance, heat and air conditioning, and miscellaneous significant other costs must be included in the overall considerations to provide long-term plans to collocate facilities. PVA believes that these facts and figures are obtainable from the General Services Administration and/or the VA.

PVA believes any cost comparison between the collocation concept and a proposed DVB consolidation will provide the necessary support for our recommendation. A perfect example of this collocation already exists in Milwaukee, Wisconsin, at the Woods VA Medical Center with its regional offices, and there are, currently, eight other VAMROCs.

Conclusion

Mr. Chairman and Members of the Committee, to repeat, PVA is aware that this is a time of challenge and we are concerned about the American taxpayer and the need to spend government funds as efficiently and as effectively as possible; therefore, our comments to your proposals, collectively, are to assist you to improve veterans programs and at the same time be cost-effective where possible.

Mr. Chairman, and members of the Committee, I again thank you for the privilege of appearing today. I have discussed numerous concerns and hope I have let some insightfulness here today. This concludes my statement, and I will be glad to respond to any questions that I can.